

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

In re: **CASE NO. 6:15-bk-7397-CCJ**
BUNKERS INTERNATIONAL CORP., **CHAPTER 11**
Debtor.
_____ /

CHAPTER 11 CASE MANAGEMENT SUMMARY

BUNKERS INTERNATIONAL CORP., a Florida corporation (“Bunkers International” or the “Debtor”), by and through its undersigned counsel, and pursuant to Administrative Order FLMB 2009-1, hereby files its Chapter 11 Case Management Summary and states as follows:

1. On August 28, 2015 (the “Petition Date”), the Debtor filed its petition for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The same day, three affiliate companies of the Debtor also filed their Chapter 11 bankruptcy petitions—Americas Bunkering, LLC; Dolphin Marine Fuels, LLC; and Atlantic Gulf Bunkering, LLC (collectively with the Debtor, the “Debtors”). Due to the inter-related nature of the Debtors’ respective businesses, and because the Debtors are seeking joint administration of their respective bankruptcy cases, this Case Management Summary will provide a summary of each of the Debtors’ businesses.

2. No trustee has been appointed. The Debtor continues to operate its business and manage its property as a debtor-in-possession under §§ 1107 and 1108 of the Bankruptcy Code.

I. Description of the Debtors’ Businesses.

3. Bunkers International, LLC (“Bunkers LLC”), the parent company of all of the Bunkers family of companies (collectively, “Bunkers”), was founded in 1995 to provide world class

bunkering services to the marine fuel industry.¹ The company began by providing bunkering services in Cartagena, Colombia. Since then, Bunkers has become the largest physical marine fuel supplier in the Colombian market and has expanded across the globe, supplying tens of thousands of ships with millions of tons of fuel.

4. Prepetition, Bunkers had over 100 employees and provided a range of bunkering services from its offices in the United States, Colombia, the United Kingdom, Singapore, Greece, and South Africa to all types of vessels and companies, including general cargo, dry bulk, tanker operators, major container carriers, and leading cruise lines. Bunkers provided trading, physical fuel supply, and brokering services to ship operators around the world. Trading services included access to marine fuel products, advice on hedging and fixed contracts, information on pricing and global fuel trends, and logistics support during the product delivery process. Bunkers also provided trade credit to customers by using credit lines established with its suppliers. Bunkers' brokering services included market analysis; contract options, including hedging, fixed, and formula-based; technical guidance; logistics assistance; up-to-date pricing; and proactive and personalized service.

5. Bunkers International is a Florida S-corporation that has its principal place of business in Lake Mary, Florida. Bunkers International is involved solely in the business of marine fuel trading services. Bunkers International is wholly owned by Bunkers LLC.

6. Americas Bunkering, LLC ("Americas Bunkering") is a Delaware limited liability company. Americas Bunkering is a holding company for Dolphin Marine Fuels, LLC ("Dolphin Marine"), and Atlantic Gulf Bunkering, LLC ("Atlantic Gulf Bunkering"). Americas Bunkering is owned entirely by Bunkers International Holdings, LLC, which in turn is owned entirely by Bunkers LLC.

¹ "Bunkering" refers to the act of supplying a ship with fuel, which historically was stored in containers known as bunkers.

7. Dolphin Marine Fuels, LLC (“Dolphin Marine”) is a Delaware limited liability company with its principal place of business in Dana Point, California. Dolphin Marine is a marine fuels supplier for the ports of Long Beach and Los Angeles, California. Dolphin Marine is owned entirely by Americas Bunkering, LLC.

8. Atlantic Gulf Bunkering, LLC (“Atlantic Gulf Bunkering”) is an Alabama limited liability company with its principal place of business in Mobile, Alabama. Atlantic Gulf Bunkering provides physical fuel supply services throughout the Gulf of Mexico and Southern Atlantic regions, including Mobile, Gulfport, and Pascagoula and surrounding areas. It is owned entirely by Americas Bunkering, LLC.

II. Reasons for Bankruptcy Filing

9. In January 2015, the Debtors’ principal secured lender P.N.C. Bank, N.A. (“PNC”) declared a default due to a technical defect in a fixed charge ratio. Thereafter, Debtors and PNC entered several forbearance agreements with the last agreement expiring on July 31, 2015 (the “Forbearance Period”).

10. Debtors’ lending relationship with PNC was via an asset-based loan with advances tied to eligible accounts receivable and inventory (hereafter, the “Borrowing Base”). As of the technical default, Debtors were operating on a break-even basis (despite the historic collapse of oil prices in October 2014), had over \$28,000,000 outstanding on the PNC loan, and assets supporting the Borrowing Base of over \$40,000,000.

11. During the Forbearance Period, PNC sought to decrease the Debtors’ Borrowing Base by declaring, in its sole discretion, certain receivables ineligible and increasing the reserve amount which is deducted from the available Borrowing Base.

12. The net results of the unilateral actions of PNC was that Debtors had less availability to borrow against the line and, thus, has less credit to purchase inventory and, ultimately, a restricted ability to sell product and produce accounts receivable. PNC's actions resulted in a downward spiral for the company through which it was gradually being squeezed out of existence. Moreover, because all of Debtors' receipts went into a lockbox controlled by PNC, Debtors had less and less cash to operate and, not surprisingly began to become delinquent with trade creditors.

13. By the end of the Forbearance Period, PNC had squeezed much of the life out of Debtors such that the total Borrowing Base assets were cut almost in half and there was no access to cash. Fortunately for PNC, its loan balance is now just below \$13,000,000.

14. After PNC swept all company accounts in the second week of August (including funds belonging to employees as part of a 401(k)), Debtors were left with no option but to direct receipts to a different depository account. Debtors also sought to increase trade credit by initiating a large sale with World Fuels on August 8, 2015. World Fuels set off approximately \$3,000,000 of an inventory sale against a balance allegedly owed to World Fuels; however, World Fuels did not make any new trade credit available.

15. From at least May 2015 forward, Debtors worked with numerous parties to explore a potential equity infusion or asset purchase. In the last two weeks, Debtors were also in significant negotiations to find a buyer for PNC's debt obligation. Debtors exhausted all efforts to find an out-of-court resolution, but the cash shortfall and increase in trade debt (with several threatened ship arrests) left Debtors with no choice but to seek protection under Chapter 11.

III. Ownership Interests in Debtor and the Debtor's Officers

16. The Debtor's equity is owned entirely by Bunkers LLC.

17. The Debtor's president is John Canal, and its CFO is Al Canal.

18. As of the Petition Date and during the one year prior thereto, John Canal's salary was approximately \$598,000.00 (including benefits), and Al Canal's salary was approximately \$350,000.00 (including benefits).

IV. Amounts Owed to Various Classes of Creditors

19. As of the Petition Date, the Debtor's only secured creditor was PNC, which is owed approximately \$13,000,000.00.

20. The Debtor is also indebted to unsecured creditors in the approximate amount of \$15,000,000, which is comprised of trade debts, primarily for fuel purchases.

V. General Description and Approximate Value of Debtor's Current and Fixed Assets

21. The Debtor owns no real property or inventory. Debtor's accounts receivable totals approximately \$11,500,000 and it has cash of \$184,089.

22. The Debtor leases its Lake Mary office location from Bunkers International Real Estate, LLC, which is owned by Bunkers LLC.

VI. Number of Employees and Amounts of Wages Owed as of Petition Date

23. As of the Petition Date, the Debtor had twenty-one (21) full time employees (the "Employees"). For the current pay period ending September 4, 2015, the Debtor owes the Employees approximately \$66,000.00 in total for unpaid, prepetition wages.

24. The Debtor is current on all payroll and sales tax obligations.


VII. Anticipated Emergency Relief to be requested within 14 days from the Petition Date

25. The Debtor anticipates filing the following emergency motions:

- a. Motion for Authority to Pay Prepetition Wages.
- b. Motion for Authority to Use Cash Collateral

c. Motion for Joint Administration

RESPECTFULLY SUBMITTED this 31st day of August 2015.

/s/ Christopher R. Thompson 

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the forgoing **CHAPTER 11 CASE MANAGEMENT SUMMARY** has been furnished either by fax, electronically, and/or by U.S. First Class, postage prepaid mail to: Bunkers International Corp., Attn: John Canal, 1071 S Sun Drive, Suite 3, Lake Mary, FL 32746; Moore & Van Allen PLLC, Attn: James R. Langdon Esq, 100 N Tryon St, 47th Fl, Charlotte, NC 28202; Jules S. Cohen, Esq., Akerman LLP, PO Box 231, Orlando, FL 32802-0231; all secured creditors and the 20 largest unsecured creditors, as shown on the matrix attached to the original of this summary filed with the Court; and the Office of the United States Trustee, George C. Young Federal Building, 400 West Washington Street, Suite 1100, Orlando, Florida 32801, this 31st day of August 2015.

/s/ Christopher R. Thompson 

Christopher R. Thompson, Esq.

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